

ROAD SERVICES CAPITAL IMPROVEMENT PROGRAM

Introduction to Program, Program Goals, and Key 2007 -2012 Issues

The 2007–2012 Road Services capital program totals \$380 million including a new appropriation of \$61 million in 2007. The six-year capital improvement program is primarily financed by a contribution from the County Road Fund, bond financing, various state and federal transportation grants, and developer mitigation payments. The six year total is \$67 million greater than the 2006-2011 budget adopted last year due primarily to the introduction of a Roads capital fund debt policy based on a debt service coverage ratio. This borrowing policy makes possible the funding of significant and costly facility preservation projects without causing postponement of other priority projects.

The primary goal of the Capital Improvement Program continues to be the construction of improvements to existing roadways to provide safe, efficient and environmentally sound transportation facilities for the movement of goods, services and the general public. The CIP is developed to provide safe roads and bridges, to be consistent with federal, state and county land use policies and plans and to meet identified transportation needs. The primary focus of the Road's CIP is safety and preservation. This CIP proposes a Short Span Bridge Program which will replace 22 short span bridges that are all near the end of their useful life. The CIP also proposes to address deficiency issues with the Division's facilities and addresses failing seawalls and vulnerable infrastructure.

The goals identified in the Division's Core Business Goals that relate to the CIP are:

- Lead and partner in planning and carrying out local and regional transportation solutions that support mobility, accessibility and growth management.
- Provide a high level of travel safety through effective design, construction, operation and maintenance of roadways and other transportation facilities.
- Achieve high levels of customer satisfaction through the identification and timely response to roadway and other transportation facilities service needs; and provide timely, consistent and clear two-way communication tailored to the transportation needs of customers and citizens.
- Deliver projects and services on time and within budget through timely, efficient and cost effective management of resources.
- Ensure the design, construction; operation and maintenance of roadways and other transportation facilities are done in an environmentally responsible manner.

Descriptions of Significant Projects

Mt. Si Bridge Replacement

The 2007 Proposed budget includes \$14 million for the construction phase of a \$21.5 million project to replace the structurally deficient and functionally obsolete Mt. Si Bridge. The replacement bridge project will have two travel lanes and two shoulders and a sidewalk for non-motorized traffic. The bridge is currently load limited, seismically vulnerable, structurally deficient, and functionally obsolete. It has low overhead clearance, narrow width, rotting timber supports, and substandard approaches and guardrails. Mount Si Bridge ranks high in the County's Bridge Replacement program.

Vashon Highway Preservation

For the long term the Road Services Division will be investing \$17 million to undertake a project that will ensure the preservation of Vashon Highway. In particular this project will find a solution to address the 3200 linear feet of failing seawalls that support the highway along Quartermaster Harbor. The project ensures that this critical highway linking two ferry terminals is preserved for the long term. This project is in addition to the two Dockton projects in the 2006 six year plan.

Short-Span Bridge Program

Also, the Road Services Division will begin a new \$16 million program with \$1.5 million in 2007 to accelerate the replacement of 57 aging short span bridges. High priority short span bridges will be re-constructed within 10 years, rather than 20. The Road Services Division will construct the first two short-span bridges in 2007. This program replaces over forty aging bridges in the next ten years. These short bridges encroach and act as choke points on the rivers they span. It has become increasingly difficult and expensive to repair the creosote-treated timbers that were used to build them. The new bridges will be long enough to span the river properly, which will allow the removal of constrictions and obstacles within the river. This will provide great environmental benefit in addition to being built with materials that will be virtually maintenance-free for generations to come.

Roads Overlay Program

The proposed budget includes \$7.5 million in 2007 to overlay county roads. This is part of the \$49.1 million investment the county will be making over the next six years to preserve our roadways. The countywide overlay program is one of the key programs that ensure the preservation of the 1,850 centerline miles of roads within unincorporated King County. The investment in surface paving maximizes the service life, at the least cost, of our roads and provides a smooth driving surface for the efficient movement of freight and passenger vehicles throughout unincorporated King County.

Facility Maintenance Program

The proposed budget includes \$1.1 million of budget authority in 2007 and \$9.5 million in the remaining five years of the six year plan for the facility rehabilitation program. Repair and maintenance are badly needed now in order to prevent more costly repairs in the future, ensure a safe and healthy working environment for staff, prevent any disruption of service, improve energy efficiency, comply with current regulations, and limit County liability associated with decaying facilities. The range of projects include improvements to buildings: fire alarm system, heating, lighting, roofs, gutters, downspouts, HVAC systems, insulation, windows, sewer; and improvements to sites: security, covers, drainage ponds, vector and decants areas, sewer connections, and salt and other material storage areas.

The following table displays significant projects in the 2007-2012 six year capital programs.

Significant Projects Roads Capital Improvement Program	2007 Executive Proposed Budget	Proposed Program 2007- 2012	Continuation of Existing Project
Mount Si Bridge	\$13,945,000	\$15,618,000	X
NE Novelty Hill Road	\$4,638,000	\$31,382,000	X
Unincorporated Countywide Overlay	\$7,499,000	\$49,118,000	X
Dockton Road Preservation	0	\$31,170,000	
Vashon Highway Preservation	0	\$17,068,000	
Renton Major Maintenance Projects	\$1,063,000	\$10,564,000	

In addition to the projects listed in the table it is important to note that the 2007 Proposed Budget consolidates the individual annexation incentive projects that have carryover budget unspent in prior

years. The resulting consolidated annexation incentive project will have a 2007 budget of \$4 million. The projects listed below are proposed for cancellation to increase the flexibility to encourage near term annexation opportunities.

	2004 Proviso Amount
SE Issaquah-Fall City Road	\$1,100,000
1 st Avenue S Urban Retrofit	\$1,100,000
140 th Ave SE @ Petrovitsky Rd	\$ 735,000
West Hill Quick Response	\$1,000,000

Project Prioritization Methodology

There are two primary prioritization processes that provide input to the CIP: the Bridge Priority Process published in the Annual Bridge Report and the Transportation Needs Report (TNR).

The Annual Bridge Report includes the prioritized list of County bridges for replacement or rehabilitation, seismic retrofit and painting. The criteria used to evaluate priority for replacement and rehabilitation includes sufficiency rating, seismic rating, geometrics, hydraulics, load limits, traffic safety, serviceability, importance, useful life and structural concern. This report is updated annually and submitted to the Council for review.

Revisions to the Transportation Needs Report (TNR) were included in the 2006 King County Comprehensive Plan update which was adopted by Council. . The new TNR was developed to screen out projects that are cost prohibitive or not build able due to environmental restrictions. The TNR includes the Division's safety related priority arrays, including High Accident Location, High Accident Road Segment, Pedestrian Safety and Mobility, Guardrail Priority and Signal Priority. The projects within the proposed CIP are consistent with the adopted TNR.

Growth Management and Comprehensive Plan Issues

The County is required by the State's Growth Management Act and by the County's Comprehensive Plan to specify transportation levels of service and enforce them through a concurrency management system. State legislation and County Comprehensive Plan policies ensure that new growth is concurrent with appropriate transportation improvements by directing the use of infrastructure funding to areas where level of service standards are not being met and where growth should occur based on the land use vision of the Comprehensive Plan.

The Transportation Concurrency Management program is a key tool used by the County to ensure that transportation improvements are consistent with the goals established in the Comprehensive Plan. Applications for development permits must obtain a certificate of transportation concurrency prior to applying for a building permit. The certificate confirms and establishes the availability of transportation facilities to serve the development and commits the capacity to the development. A transportation concurrency certificate is not issued if the development causes a violation of adopted level of service standards and if there is no financial commitment in place to construct the improvements within six years. The adopted Roads Six-Year CIP serves as that commitment.

The Comprehensive Plan also distinguishes between building new capacity projects for existing and for development in the pipeline (vested in permitting), and those projects needed to serve only new growth. Capital projects that increase roadway capacity to accommodate existing and pipeline development are given a higher priority than projects that increase roadway capacity to accommodate future development.

The development of the Roads 2007-2012 Capital Improvement Program has evaluated projects for consistency with the Comprehensive Plan and for meeting concurrency.

Financial Planning and Policy Overview

The six-year capital improvement program is primarily financed by the contribution from the County Road Fund (Fund 103), various State and Federal transportation grants and developer mitigation payments. The six-year program also relies on bond funding according to the debt policy described below. The Division continues to seek regional funding to replace the lost VLF, which provided the sole funding to partner with cities on regionally significant projects.

Roads Capital Fund Debt Policy

Background: Roads are long-lived capital assets that generate benefits for both present and future users. As such, consideration should certainly be given to the use of debt to finance a portion of the Roads capital improvement program (CIP). The use of debt enables projects to move forward without the limitations of available funds and spreads some of the cost of projects to future users who will benefit from the project. At the same time it is equally important that the term of such borrowing does not exceed the expected useful lives of such projects.

It has not been deemed practical in the past, nor is it deemed practical now, to issue stand-alone bonds secured solely by the revenues of the Road Fund. The borrowing needed to provide funding for the Roads CIP has generally been incorporated into the County's issues of various purpose limited tax general obligation bonds which are supported by the full faith and credit of the Current Expense (CX) Fund. Upon occasion such debt has been issued as stand alone debt, but such debt has also been supported by the full faith and credit of the CX Fund.

The County is only willing to offer the full faith and credit of CX to bonding for other funds if it does not expose CX to an undue amount of risk that CX revenues will ever be needed to pay debt service for other funds.

While the volume of debt issued for the Road Fund is not of sufficient size to jeopardize the overall credit rating of the County's LTGO bonds, to ensure that the pledge of the County's full faith and credit to bonds issued on behalf of the fund does not expose CX to any significant degree of risk it is crucial that the revenues of the Fund are considered fully adequate to pay the debt service on such debt and at the same time meet the basic ongoing needs for those funds.

Within the municipal finance industry, one of the most important factors that investors and credit rating agencies examine to ensure that a borrowing is manageable and the risk of default is minimal is the debt service coverage ratio (i.e. the revenues available to pay debt service -- cash basis revenues less operating and maintenance expenses -- divided by debt service).

The appropriate debt service coverage ratio for a particular borrower will depend in turn largely on the volatility of its revenues. A borrower that has a stable revenue stream, especially if it has a significant degree of ability to control such revenue, will need to exhibit a lower debt service coverage ratio than one that relies upon volatile revenues over which it has little control. For example, the County's Wastewater Treatment Division requires debt service coverage of 1.25 on its sewer revenue bonds because its revenues are very stable and are determined largely by the annual sewer rate established by the County

Council. In contrast, the Transit Division is required to demonstrate coverage of 1.5 against its more volatile sales tax revenues.

The primary revenues of the Road Fund, property taxes and gas taxes, are intrinsically quite stable, which translates into a relatively low required coverage ratio.

Coverage tests are often performed on a backward-looking basis. For example, both Water Quality and Transit are able to issue additional bonds if their net operating revenues and sales tax collections respectively in the previous year are adequate to provide the required overall levels of coverage against debt service for each year of the life of the new bonds.

However, such a backward-looking test is not appropriate for the Road Capital Fund at this time because the timing of annexations and incorporations will affect revenues available for debt service. While the timing of each annexation and incorporation is uncertain, by 2013 it is likely that the major potential annexation areas will no longer contribute to the Road Fund.

Since any new bonds issued for the fund assuming existing revenue sources as the debt service payment stream will have a term of 20 years or more, it will therefore be vital that the coverage test be met on a forward-looking basis that takes into account this reduction in the fund's property tax revenues as a result of annexations and incorporations. In order to properly protect CX, it will be necessary to demonstrate that the projected revenues of the fund in each year of the life of any new bonds that may be issued are adequate to generate the required level of annual debt service coverage.

In the event a new revenue source is enacted this policy will be reevaluated to consider language articulating policies applying specifically to the new revenue source.

Debt Policy: Following the annexation or incorporation of the potential annexation areas the Road contribution to the Road Capital fund will be considered a stable revenue source suitable for a 1.25 debt service coverage ratio. The numerator of this debt ratio is the Road Fund contribution projected for 2013 less the capital expenditures equivalent to on-going operating and maintenance expenses. For example, the pay as you go project categories not suited to debt financing include expenditures such as roads overlay, ADA compliance, and a share of the project needs identified in the Transportation Needs Report. It is important to retain sufficient flexibility in the amount of "pay as you go" funding to respond to events such as floods, storms, and earthquakes.

Debt Policy Fiscal Effect in the 2007 – 2012 Six Year Plan: The implementation of the debt policy results in \$57 million of additional bond proceeds. It will be used to fund the Dockton Road Preservation projects introduced in last year's six year capital plan, along with facility maintenance renovations, and the Vashon Highway Preservation project included in the proposed six year capital plan. This will increase the annual debt payment amount to \$10.7 million, an increase of \$5 million.

C o u n c i l A d o p t e d B u d g e t

RDCW04 – C/W Guardrail Program (\$150,000)

RDCW14 – Project Formulation (\$150,000)

XXXXXX – SE 216th and SR169 \$350,000

SECTION 120. ROADS CAPITAL IMPROVEMENT PROGRAM

ER1 EXPENDITURE RESTRICTION:

Of the funds appropriated to Roads CIP Project RDCW 28, Nonmotorized projects, \$500,000 may only be expended for a sidewalk on the Issaquah-Fall City Road.

ER2 EXPENDITURE RESTRICTION:

None of the funds appropriated to Roads CIP Project RDCW 27, roads related annexation incentives, may be expended or encumbered except in accordance with the terms of a fully executed interlocal agreement for an annexation or incorporation.

P1 PROVIDED THAT:

Of the \$15,310,000 appropriated to Roads CIP Project 300111, Dockton Road North, no more than \$310,000 may be expended or encumbered until the council approves by motion a work plan transmitted by the executive for an alternatives analysis of the Dockton Road South project; and the remaining \$14,000,000 may not be expended or encumbered until the council approves by motion a report describing the results of the alternatives analysis, including selection of a preferred alternative, transmitted by the executive.

The alternatives analysis shall provide an evaluative framework for meeting the county's responsibilities to the county road system on Vashon Island with respect to the Dockton Road North project. The alternatives analysis work plan shall include at least three alternatives for the Dockton Road North project for study and evaluation. Project alternatives shall include a "no-build" option and alternative roadway alignments. Evaluative criteria shall include, but not be limited to, the following project considerations: operating efficiencies and cost effectiveness including life cycle cost analysis of project alternatives; environmental impacts; traffic impacts including those to nonmotorized modes; community impacts. The work plan and proposed motion for the alternatives analysis shall include a scope of work, tasks, list of evaluative criteria to be used, schedule, milestones and budget for the work.

The executive shall submit the proposed motion and work plan for the alternatives analysis and proposed motion by March 31, 2007, in the form of 12 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and to the lead staff of the capital budget committee and the transportation committee, or their successors.

The report describing the results of the alternatives analysis shall include qualitative and quantitative identification of the impacts listed in the alternatives analysis work plan, based on the evaluative criteria listed in the work plan; this information shall be provided for all project alternatives considered. The proposed motion and alternatives analysis report, which shall include selection of a preferred alternative, shall be reviewed and approved by the council by motion.

The alternatives analysis report shall be filed in the form of 11 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and to the lead staff of the capital budget committee, or its successor.

P2 PROVIDED FURTHER THAT:

Of the \$15,860,000 appropriated to Roads CIP Project 300208, Dockton Road South, no more than \$360,000 may be expended or encumbered until the council approves by motion a work plan transmitted by the executive for an alternatives analysis of the Dockton Road South

project; and the remaining \$14,000,000 may not be expended or encumbered until the council approves by motion a report describing the results of the alternatives analysis, including selection of a preferred alternative, transmitted by the executive.

The alternatives analysis shall provide an evaluative framework for meeting the county's responsibilities to the county road system on Vashon Island with respect to the Dockton Road South project. The alternatives analysis work plan shall include at least three alternatives for the Dockton Road South project for study and evaluation. Project alternatives shall include a "no-build" option and alternative roadway alignments. Evaluative criteria shall include, but not be limited to, the following project considerations: operating efficiencies and cost effectiveness including life cycle cost analysis of project alternatives; environmental impacts; traffic impacts including those to nonmotorized modes; community impacts. The work plan and proposed motion for the alternatives analysis shall include a scope of work, tasks, list of evaluative criteria to be used, schedule, milestones and budget for the work.

The executive shall submit the work plan for the alternatives analysis and proposed motion by March 31, 2007, in the form of 12 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and to the lead staff of the capital budget committee and the transportation committee, or their successors.

The report describing the results of the alternatives analysis shall include qualitative and quantitative identification of the impacts listed in the alternatives analysis work plan, based on the evaluative criteria listed in the work; this information shall be provided for all project alternatives considered. The alternatives analysis report, which shall include selection of a preferred alternative, shall be reviewed and approved by the council by motion.

The proposed motion and alternatives analysis report shall be filed in the form of 11 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and to the lead staff of the capital budget committee, or its successor.

P3 PROVIDED FURTHER THAT:

Of the \$17,068,000 appropriated to Roads CIP Project 300310, Vashon Highway Preservation, no more than \$68,000 may be expended or encumbered until the council approves by motion a work plan transmitted by the executive for an alternatives analysis of the Vashon Highway project, and the remaining \$17,000,000 may not be expended or encumbered until the council approves by motion a report describing the results of the alternatives analysis, including selection of a preferred alternative, transmitted by the executive.

The alternatives analysis shall provide an evaluative framework for meeting the county's responsibilities to the county road system on Vashon Island with respect to the Vashon Highway project. The alternatives analysis work plan shall include at least three alternatives for the Vashon Highway project for study and evaluation. Project alternatives shall include a "no-build" option and alternative roadway alignments. Evaluative criteria shall include, but not be limited to, the following project considerations: operating efficiencies and cost effectiveness including life cycle cost analysis of project alternatives; environmental impacts; traffic impacts including those to nonmotorized modes; community impacts. The work plan and proposed motion for the alternatives analysis shall include a scope of work, tasks, list of evaluative criteria to be used, schedule, milestones and budget for the work.

The executive shall submit the work plan for the alternatives analysis and proposed motion by March 31, 2007, in the form of 12 copies with the clerk of the council, who will retain

the original and will forward copies to each councilmember and to the lead staff of the capital budget committee and the transportation committee, or their successors.

The report describing the results of the alternatives analysis shall include qualitative and quantitative identification of the impacts listed in the alternatives analysis work plan, based on the evaluative criteria listed in the work plan; this information shall be provided for all project alternatives considered. The proposed motion and alternatives analysis report, which shall include selection of a preferred alternative, shall be reviewed and approved by the council by motion.

The alternatives analysis report shall be filed in the form of 11 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and to the lead staff of the capital budget committee, or its successor.

See Roads Operating Budget in the Physical Environment Section of the 2007 Operating Budget for additional provisos related to the Roads Capital Improvement Program.